

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-06 NEA-09 ISO-00 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-02 H-02 /093 W
----- 018967

P R 070811Z APR 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 9203

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

AMEMBASSY BERN

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E.O. 11652: N/A

TAGS: EAID, EFIN, IN, JA, US

SUBJ: DEPT RELIEF AND THE AID-TO-INDIA CONSORTIUM

PASS TREASURY

REF: A. TOKYO 4189 B. STATE 66345

1. AS FOLLOW UP TO INITIAL EMBASSY APPROACH ON THIS SUBJECT,
FINATT DISCUSSED U.S. POSITION WITH MOF (SAGAMI, DEP. DIR.GEN.,
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INTFIN BUR.). SAGAMI WELL AWARE OF CONGRESSIONAL ATTITUDES

TOWARD DEBT RESCHEDULING AND U.S. PREVIOUS ATTEMPT TO SET UP CREDITOR CLUB FOR INDIA. SAGAMI ADMIRER U.S. "FLEXIBILITY" IN NOW SEEKING ALTERNATIVE ROUTE TO ACHIEVE U.S. OBJECTIVES WHILE AT SAME TIME NOT CREATING PROBLEMS FOR OTHER DONOR COUNTRIES. FINATT MENTIONED INITIAL FAVORABLE REPORTS FROM OTHER MAJOR DONOR COUNTRIES REGARDING U.S. POSITION (E.G. BONN 5217, LONDON 4698) AND THAT GERMANY MIGHT WELL RESCHEDULE REGARDLESS WHAT THE U.S. DOES.

2. SAGAMI POINTED OUT THAT UNDER LAW GOJ CANNOT PARTICIPATE IN DEBT RESCHEDULING EXERCISE UNLESS ALL OTHER MAJOR CREDITORS PARTICIPATE. THUS U.S. DECISION MIGHT WELL CREATE PROBLEMS FOR GOJ, BUT MOF WOULD GIVE CAREFUL STUDY TO SEE WHAT FLEXIBILITY IT HAD IN INTERPRETATION OF LAW.

3. SAGAMI CLEARLY UNDERSTOOD USG DESIRE THAT U.S. POSITION ON DEBT RELIEF NOT DETRACT FROM AMOUNT OF ASSISTANCE OTHER CREDITORS PROVIDE INDIA IN WHATEVER FORM THEY CHOOSE. HE READILY ADMITTED THAT PL 480 AID WITH 40 YEAR REPAYMENT AND LOW INTEREST RATE WAS INDEED GENEROUS BUT WAS SKEPTICAL WHETHER THIS EQUIVALENT TO FFX.

4. EMBASSY COMMENT: MOG NOT FAVORABLY DISPOSED TO CONTINUOUS DEBT RESCHEDULING PROCEDURES. EMBASSY INITIAL REACTION IS THAT IF OTHER CONSORTIUM MEMBERS TAKE POSITIVE ATTITUDE IN CONTINUING TO GRANT AID TO INDIA GOJ WILL PROBABLY GO ALONG. WE WILL FOLLOW UP WITH FONOFF IN NEXT COUPLE DAYS.
SHOESMITH

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Message Attributes

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05 JUL 2006

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